Tshwane Economic Development Agency SOC Ltd
(Registration number 2006/019396/30)
Unaudited annual financial statements
for the period ended 30 June 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Economic Development within the Tshwane Region
Directors	Mr N Flaatten (Chairperson) Mr A Nkome Mr F Docrat Ms M Sedibe Mr S Shange Ms N Singh Mr SD Mogaladi (Executive) Mr Z Mheyamwa (Executive)
Business address	5th Floor, Anker Building 1279 Mike Crawford Road Centurion 0057
Postal address	P O Box 11751 Zwartkop 0051
Parent Municipality	City of Tshwane Metropolitan Municipality
Bankers	Absa Bank
Auditors	Auditor General of South Africa
Company Secretary	Mr SC Makgatho
Company registration number	2006/019396/30
Tax reference number	9053619178

Index

The reports and statements set out below comprise the unaudited annual financial statements presented to the board of directors:

COID	Compensation for Occupational Injuries and Diseases
COT	City of Tshwane
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act (Act 56 of 2003)
TEDA	Tshwane Economic Development Agency

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003) (MFMA) and the Companies Act No.71 of 2008, as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly represent the state of affairs of the municipal entity as at the end of the period and the results of its operations and cash flows for the period ended 30 June 2019.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied unless otherwise stated and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial controls established by the municipal entity and places considerable importance on maintaining a strongly controlled environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipal entity and all employees are required to maintain the highest ethical standards in ensuring the municipal entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipal entity is on identifying, assessing, managing and monitoring all known forms of risk across the municipal entity. While operating risks cannot be fully eliminated, the municipal entity endevours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipal entity's cash flow forecast for the next 12 months and current financial position. In the light of this review the accounting officer is satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future, even moresore that 2019/20 business plan and budget have been approved by the shareholder.

The external auditors are responsible for independently reviewing and reporting on the municipal entity's annual financial statements.

The annual financial statements have not been audited by the municipal entity's external auditors as the requirements of Section 126(1) of the Local Government: Municipal Finance Management Act and Companies Act, 2008 (Act No 71 of 2008) is applicable to the audit of annual financial statements.

The unaudited annual financial statements set out on pages 4 to 63, which have been prepared on the going concern basis.

Mr Z Mheyamwa CA (SA)
Chief Financial Officer

Mr SD Mogaladi
Chief Executive Officer

Director's Report

The directors submit their report for the year ended 30 June 2019.

1. Incorporation

The company was incorporated in South Africa on 23 June 2006 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

TEDA is a state owned entity that was established by the City of Tshwane as its sole owner. The operations of TEDA are governed by the Companies Act (Act 71 of 2008), Local Government: Municipal Systems Act (Act 32 of 2000) as amended and the Local Government: Municipal Finance Management Act (MFMA) (Act 53 of 2003) as amended and the Regulations thereof. The mandate of TEDA has been outlined in the Service Delivery Agreement (SDA) between the entity and the City of Tshwane. The operations of TEDA have been classified as follows:

a) Core business:-
- Projects Portfolio Management
- Investment Promotion and Funding

b) Support functions:-
- Strategy and Performance Monitoring
- Financial Services
- Office of the Company Secretary
- Corporate Services

During the year under review, TEDA was wholly dependent on the unconditional grant received from the shareholder the City of Tshwane.

2.1. Important policy decisions and strategic issues facing the entity:
- The entity implemented policies and plans developed in the previous financial years to maintain a good corporate governance foundation that was established. As a result, the entity performance improved significantly with regard to its core business. In the 2017/18 financial year, the entity identified and started implementing high-impact projects and continues to attract investment into the City.
- The entity attracted a total rand value of R4.266 billion investment projects coupled with 4,416 job opportunities into the City.
- TEDA continues to make strides in project development, facilitation and precinct plans development for the City of Tshwane.

2.2. TEDA has a revised mandate that will take effect from the 2019-20 financial year.

The revised mandate of the entity affirmed the following focus areas:
- Destination Marketing - including
- Business and leisure tourism;
- Trade and Investment Promotion;
- Project Portfolio Management; and
- Asset Portfolio Management including Specialized Economic Zones (SEZ) and Industrial Parks.

2.3. Other matters.

- There are currently certain matters relating primarily to staff disputes under investigation. The impact and outcome of which cannot be reliably determined at the date of reporting.

3. Going concern

The unaudited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As at 30 June 2019, the entity had an accumulated surplus/(deficit) of R 17,344,803 and that the entity's total assets exceed its liabilities by R 17,345,803.

Director's Report

- TEDA continues to operate as a going concern as the process of reviewing entity's has been finalised mandate and crafting of the Service Delivery Agreement is underway. The entity's adjusted business plan and budget for 2019/20 was approved by the shareholder and there is no indication or intention to cease funding.
- During the year under review,TEDA was wholly dependent on the unconditional grant received from the shareholder the City of Tshwane.
- At the time of preparation of the annual financial statements for the period under review, the board members believed the entity will be a going concern in the foreseeable future. For this reason they continue to adopt a going concern basis in the preparation of these annual financial statements. Refer to note 38 for details.

4. Subsequent events

Events after reporting date are presented in Note 40 of the annual financial statements.

5. Directors' interest in contracts

The Directors have declared that they or persons related to them do not have any personal interests in the contracts entered into by the entity.

6. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr N Flaatten (Chairperson)	South African	Appointed 01 February 2018
Mr A Nkome	South African	Appointed 01 February 2018
Mr F Docrat	South African	Appointed 01 February 2018
Ms T Matlala-Mojapelo	South African	Resigned 30 June 2019
Ms M Sedibe	South African	Appointed 01 February 2018
Mr S Shange	South African	Appointed 01 February 2018
Ms N Singh	South African	Re-appointed 01 February 2018
Mr T Mkhwanazi CFO (Executive)	South African	Resigned 30 September 2018
Mr SD Mogaladi CEO (Executive)	South African	Appointed 01 March 2015
Mr Z Mheyamwa CFO (Executive)	South African	Appointed 05 August 2019

7. Corporate governance

General

The entity is committed to business integrity, transparency and professionalism in all its activities. As part of these commitments, the entity subscribes to leading practices and the King IV Report on Corporate Governance, 2016. The salient feature of the entity's adoption of the King IV Code is outlined herein.

The Chairperson of the Board is an independent non-executive director and the Chief Executive Officer is an executive director (as defined by the King IV). The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Director's Report

Board of directors

The board retains full control over the entity; its plans and strategy; acknowledge its responsibilities as to the strategy, compliance with internal policies, external laws and regulations; effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity. The Board is of a unitary structure comprising of non-executive directors and executive director, all of whom are independent directors as defined in King IV.

Board Committees

The Board has delegated some of its functions to the following well-structured committees:

(i) Finance and Risk Committee

The committee comprises four (4) non-executive directors and exercises oversight on the entity's finance, corporate governance compliance and risk related matters.

(ii) Projects and Investment Committee

The committee comprises five (5) non-executive directors and exercises oversight on the planning, implementation, and management of projects in terms of the entity's approved business plan. It is playing an oversight on trade, investment promotion, and marketing within Tshwane.

(iii) Human Resources and Remuneration Committee

The committee comprises four non-executive directors and exercises oversight role on the entity's human capital and remuneration matters.

(iv) Social and Ethics Committee

The committee was established in terms of section 43 of the Companies Act Regulations 2011 and now has three (3) members, two (2) being prescribed officers. This committee exercises its responsibilities as outlined in subsection (5) of the Regulations. Its terms of reference include monitoring the activities of the company on socio-economic development matters and the company's standing with regard to the principles set out in the United Nations (UN) Global Compact Principles, the Organisation for Economic Corporate and Development (OECD) recommendations regarding corruption, the Employment Equity Act of 1998, review and monitor compliance with preferential procurements policies, the Broad-Based Black Economic Empowerment Codes of good practice and TEDA's corporate social responsibility and King IV report on corporate governance.

Remuneration

The City of Tshwane determines the upper limits of the remuneration of the Non-Executive Directors, Chief Executive Officer, and Chief Financial Officer, while the Board determines the remuneration of Executive Managers using the City's guidelines.

Audit and risk committee

(i) Group Audit Committee.

The audit committee function is performed by the Group Audit and Performance Committee established by the City of Tshwane for all its municipal entities.

(ii) Group Risk Management Committee.

The risk function is performed by the Group Risk Committee of the City of Tshwane and the Finance and Risk Committee of TEDA.

(iii) Internal Audit and Risk Management.

The entity utilises the shared service provided by the City's Group Internal Audit and Risk Unit to perform the risk and internal audit functions.

Director's Report

8. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

9. Dividends

No dividends were declared or paid to shareholder during the year.

10. Company Secretary

The Company Secretary is Mr S Makgatho appointed 01 December 2018. Ms L Mahaye resigned as Company Secretary on the 31 July 2018. Ms J Molefe seconded from the CoT acted as Company Secretary position from 01 September 2018 to 30 November 2018.

11. Controlling entity

The entity is wholly owned by the City of Tshwane Metropolitan Municipality.

12. Auditor

The Auditor-General of South Africa will continue in office in accordance with section 90 of the Companies Act 71 of 2008, as amended and section 92 of the Municipal Finance Management Act.

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all of such returns as required in terms of the Companies Act and that such returns are true, correct and up to date.

Mr S Makgatho (McomPM)
Company Secretary
Centurion

Tshwane Economic Development Agency SOC Ltd

(Registration number 2006/019396/30)
Unaudited Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Current Assets			
Receivables from exchange transactions	4&5	67,088	27,003
VAT receivable	6	2,636,295	2,380,694
Prepayments	7	1,432,961	19,167
Cash and cash equivalents	8	13,420,842	17,907,119
Current tax receivable	9	727,084	-
		18,284,270	**20,333,983**
Non-Current Assets			
Property, plant and equipment	10	2,297,237	3,224,873
Intangible assets	11	23,434	47,430
Deferred tax	12	159,621	59,351
		2,480,292	**3,331,654**
Total Assets		**20,764,562**	**23,665,637**
Liabilities			
Current Liabilities			
Normal taxation	9	-	3,042,792
Payables from exchange transactions	13	1,678,452	1,228,969
Provisions	14	1,664,630	1,560,884
Operating lease liability	15	75,677	149,898
		3,418,759	**5,982,543**
Non-Current Liabilities			
Operating lease liability	15	-	75,677
Total Liabilities		**3,418,759**	**6,058,220**
Net Assets		**17,345,803**	**17,607,417**
Share capital / contributed capital	16	1,000	1,000
Accumulated surplus		17,344,803	17,606,417
Total Net Assets		**17,345,803**	**17,607,417**

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions			
Recoveries	17	200,000	-
Sale of tender documents	17	69,826	29,987
Other income	17	149,391	8,893
Interest received	17	907,187	683,547
Total revenue from exchange transactions		**1,326,404**	**722,427**
Revenue from non-exchange transactions			
Transfer revenue			
Grant revenue recognised	17	54,150,000	58,435,319
Total revenue	17	**55,476,404**	**59,157,746**
Expenditure			
Employee related costs	18	(32,736,674)	(28,527,928)
Remuneration of board members	19	(1,434,916)	(818,761)
Depreciation and amortisation	20	(1,267,417)	(1,216,663)
Interest and penalties charged	21	(3,776)	(67,518)
Debt Impairment	22	-	(200,000)
Project management	23	(5,110,708)	(3,162,495)
Investment promotion and funding	24	(5,546,966)	(5,208,078)
Loss on disposal of assets	25	(1,096)	(128,583)
General expenses	26	(9,736,735)	(9,466,426)
Total expenditure		**(55,838,288)**	**(48,796,452)**
(Deficit) surplus before taxation		**(361,884)**	**10,361,294**
Taxation	27	100,270	(2,920,067)
Surplus (Deficit) for the year		**(261,614)**	**7,441,227**
Attributable to:			
Owners of the controlling entity		(261,614)	7,441,227
Non-controlling interest		-	-
		(261,614)	**7,441,227**

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Balance at 01 July 2017	**1,000**	**10,165,190**	**10,166,190**
Changes in net assets			
Surplus (Deficit) for the year as previously reported	-	7,441,227	7,441,227
Total changes	-	7,441,227	7,441,227
Balance at 01 July 2018	**1,000**	**17,606,417**	**17,607,417**
Changes in net assets			
Deficit for the period	-	(261,614)	(261,614)
Total changes	-	(261,614)	(261,614)
Balance at 30 June 2019	**1,000**	**17,344,803**	**17,345,803**
Note(s)	16		

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Receipts			
Taxation and VAT refunds		26,549	3,683,278
Recoveries		200,000	-
Grants		54,150,000	54,150,000
Interest income		878,375	698,643
Other income		152,697	8,893
Sale of tender documents		69,826	29,987
		55,477,447	58,570,801
Payments			
Compensation of employees and board fees		(33,195,183)	(29,808,813)
Suppliers		(22,651,460)	(17,090,805)
Interest and penalties charged		(3,775)	-
Taxes on surpluses or deficit	9	(3,796,425)	(789,974)
		(59,646,843)	(47,689,592)
Net cash flows from operating activities	28	**(4,169,396)**	**10,881,209**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(321,229)	(381,902)
Proceeds from sale of property, plant and equipment	10	4,348	-
Net cash flows from investing activities		**(316,881)**	**(381,902)**
Net increase/(decrease) in cash and cash equivalents		**(4,486,277)**	**10,499,307**
Cash and cash equivalents at the beginning of the year		17,907,119	7,407,812
Cash and cash equivalents at the end of the year	8	**13,420,842**	**17,907,119**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Recoveries	-	-	-	200,000	**200,000**	Note 30
Sale of tender documents	-	45,000	**45,000**	69,826	**24,826**	Note 30
Other income	6,980,004	(4,025,004)	**2,955,000**	149,391	**(2,805,609)**	Note 30
Interest received	395,382	164,618	**560,000**	907,187	**347,187**	Note 30
Total revenue from exchange transactions	**7,375,386**	**(3,815,386)**	**3,560,000**	**1,326,404**	**(2,233,596)**	
Revenue from non-exchange transactions						
Transfer revenue						
City of Tshwane - transfers	54,150,000	-	**54,150,000**	54,150,000	-	Note 30
Total revenue	**61,525,386**	**(3,815,386)**	**57,710,000**	**55,476,404**	**(2,233,596)**	
Expenditure						
Employees related costs	(34,324,998)	1,289,290	**(33,035,708)**	(32,736,674)	**299,034**	Note 30
Remuneration of board members	(1,506,560)	(183,844)	**(1,690,404)**	(1,434,916)	**255,488**	Note 30
Depreciation and amortisation	(1,575,000)	-	**(1,575,000)**	(1,267,417)	**307,583**	Note 30
Interest and penalties charged	-	-	-	(3,776)	**(3,776)**	
Project management	(5,076,659)	(3,295,341)	**(8,372,000)**	(5,110,708)	**3,261,292**	Note 30
Investment promotion and funding	(4,902,486)	(2,991,309)	**(7,893,795)**	(5,546,966)	**2,346,829**	Note 30
General Expenses	(13,285,953)	(737,358)	**(14,023,311)**	(9,736,735)	**4,286,576**	Note 30
Total expenditure	**(60,671,656)**	**(5,918,562)**	**(66,590,218)**	**(55,837,192)**	**10,753,026**	
Operating deficit	**853,730**	**(9,733,948)**	**(8,880,218)**	**(360,788)**	**8,519,430**	
Loss on disposal of assets	-	-	-	(1,096)	**(1,096)**	Note 30
Surplus(Deficit) before taxation	**853,730**	**(9,733,948)**	**(8,880,218)**	**(361,884)**	**8,518,334**	
Taxation	(535,000)	(2,396,377)	**(2,931,377)**	103,839	**3,035,216**	Note 30
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**318,730**	**(12,130,325)**	**(11,811,595)**	**(261,614)**	**11,549,981**	

Tshwane Economic Development Agency SOC Ltd

(Registration number 2006/019396/30)
Unaudited Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Current tax receivable	-	-	-	727,084	**727,084**	
Receivables from exchange transactions	307,340	-	**307,340**	67,088	**(240,252)**	
VAT receivable	2,270,859	-	**2,270,859**	2,636,295	**365,436**	
Prepayments	-	-	-	1,432,961	**1,432,961**	
Cash and cash equivalents	10,107,812	(6,900,000)	**3,207,812**	13,420,842	**10,213,030**	
	12,686,011	**(6,900,000)**	**5,786,011**	**18,284,270**	**12,498,259**	
Non-Current Assets						
Property, plant and equipment	3,502,381	-	**3,502,381**	2,297,237	**(1,205,144)**	
Intangible assets	98,016	-	**98,016**	23,434	**(74,582)**	
Deferred tax	-	-	-	159,621	**159,621**	
	3,600,397	-	**3,600,397**	**2,480,292**	**(1,120,105)**	
Total Assets	**16,286,408**	**(6,900,000)**	**9,386,408**	**20,764,562**	**11,378,154**	
Liabilities						
Current Liabilities						
Operating lease liability	355,029	(82,501)	**272,528**	75,677	**(196,851)**	
Payables from exchange transactions	3,000,000	(1,444,971)	**1,555,029**	1,678,452	**123,423**	
Provisions	1,356,688	-	**1,356,688**	1,664,630	**307,942**	
Deferred income	3,000,000	(2,500,000)	**500,000**	-	**(500,000)**	
	7,711,717	**(4,027,472)**	**3,684,245**	**3,418,759**	**(265,486)**	
Non-Current Liabilities						
Operating lease liability	272,528	(272,528)	-	-	-	
Total Liabilities	**7,984,245**	**(4,300,000)**	**3,684,245**	**3,418,759**	**(265,486)**	
Net Assets	**8,302,163**	**(2,600,000)**	**5,702,163**	**17,345,803**	**11,643,640**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Share capital / contributed capital	1,000	-	**1,000**	1,000	-	
Reserves						
Accumulated surplus	8,301,163	(2,600,000)	**5,701,163**	17,344,803	**11,643,640**	
Total Net Assets	**8,302,163**	**(2,600,000)**	**5,702,163**	**17,345,803**	**11,643,640**	

Tshwane Economic Development Agency SOC Ltd

(Registration number 2006/019396/30)
Unaudited Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	-	-	-	26,549	**26,549**	
Sale of tender documents	-	-	-	69,826	**69,826**	
Grants	54,150,000	-	**54,150,000**	54,150,000	-	
Interest income	395,382	-	**395,382**	878,375	**482,993**	
Other income	6,980,004	(3,980,004)	**3,000,000**	152,697	**(2,847,303)**	
Recoveries	-	-	-	200,000	**200,000**	
	61,525,386	**(3,980,004)**	**57,545,382**	**55,477,447**	**(2,067,935)**	
Payments						
Employee costs and suppliers	(61,067,400)	-	**(61,067,400)**	(55,846,643)	**5,220,757**	
Interest and penalties charged	-	-	-	(3,775)	**(3,775)**	
Taxes on surpluses	-	(3,059,843)	**(3,059,843)**	(3,796,425)	**(736,582)**	
	(61,067,400)	**(3,059,843)**	**(64,127,243)**	**(59,646,843)**	**4,480,400**	
Net cash flows from operating activities	**457,986**	**(7,039,847)**	**(6,581,861)**	**(4,169,396)**	**2,412,465**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(318,000)	(31,942)	**(349,942)**	(321,229)	**28,713**	
Proceeds from sale of property, plant and equipment	-	-	-	4,348	**4,348**	
Net cash flows from investing activities	**(318,000)**	**(31,942)**	**(349,942)**	**(316,881)**	**33,061**	
Net increase/(decrease) in cash and cash equivalents	139,986	(7,071,789)	**(6,931,803)**	(4,486,277)	**2,445,526**	
Cash and cash equivalents at the beginning of the year	17,907,119	(7,767,365)	**10,139,754**	17,907,119	**7,767,365**	
Cash and cash equivalents at the end of the year	**18,047,105**	**(14,839,154)**	**3,207,951**	**13,420,842**	**10,212,891**	

Accounting Policies

1. Presentation of Unaudited Annual Financial Statements

The unaudited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These unaudited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these unaudited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These unaudited annual financial statements are presented in South African Rand, which is the functional currency of the entity and rounded to the nearest Rand.

1.2 Key management personnel

The key management of TEDA refers to the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Executive Managers.

1.3 Going concern assumption

These unaudited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed below.

Trade receivables

The entity assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The entity assesses its trade receivables and loans and receivables for impairment at the end of each reporting period.

In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Each receivable is reviewed individually at year end.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If the recoverable amount is less than the carrying amount, an impairment loss should be recognised in the statement of financial performance.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities.If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

The provision is recognised at the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the provision is determined by discounting to present value.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The entity establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. As the Company assesses the probability for litigation and subsequent cash from exchange transactions with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable surplus will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable surplus together with future tax planning strategies.

Effective interest rate

The entity does not have significant exposure to interest rate risk and is not sensitive to interest rate changes thus the prime interest rate is used to discount future cash flows.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Property, plant and equipment

The entity's management determines the estimated useful lives and residual values of property, plant and equipment. These assessments are made on an annual basis and based on the indicator-approach. Where an indication exist the entity shall revise its useful life and residual values as a change in accounting estimate. Administrative computer equipment, office furniture and equipment, and motor vehicles are not componentised. These assets do not have significant parts that are considered to have an estimated useful life different to the estimated useful life of the asset as a whole.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Accounting Policies

1.5 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	3 -16 years
Motor vehicles	7 years
Office equipment	5 -8 years
Computer equipment	3-5 years
Leasehold improvements	Lease term
Minor assets (less than R2000)	Immediate
Library material	5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 26 and 10).

Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
Computer software	6 years

Accounting Policies

1.6 Intangible assets (continued)

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  -receive cash or another financial asset from another entity; or
  -exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Cash and cash equivalent	Financial asset measured at amortised cost
Receivable from exchange transactions	Financial asset measured at amortised cost
Receivable from non-exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Transaction costs are recognised as part of the cost of the instrument. Subsequent to initial recognition these instruments are measured as set out above.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Where a determination was made that the likelihood of recovering the amounts is nil impairment loss will be recognised.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Accounting Policies

1.7 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 Tax

Current tax assets and liabilities

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised using the net liability method. .

Taxation expenses and VAT

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

Revenue, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to, the taxation authority is reported separate from other receivables or payables in the statements of financial position.

The entity is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with the VAT Act (Act No. 89 of 1991).

Accounting Policies

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The difference between the amounts recognised as income and the contractual receipts are recognised as an operating lease asset or liability.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the natureof the asset.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

All leases that TEDA enters into as a lessee, and where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are charged against revenue on a straight-line basis over the term of the lease.

1.10 Income received in advanced and prepayments

In the case of comprehensive and/or medium and long-term contracts, advance payments are negotiated with customers and suppliers of the entity. These funds are paid by the entity to secure the right of use of the goods and/or services as agreed in the contract. Advance payments received are recognised as a current liability for an amount that is estimated to be settled within one year from reporting date and as a non-current liability for the amount to be settled after one year from reporting date. Advance payments made are recognised as a current assets for an amount (of an expected benefit) that is estimated to be realised within one year from reporting date and as a non-current assets for the amount (of an expected benefit) to be realised after one year from reporting date.

Subsequently advance payments are expensed upon receipt of an agreed goods and/ or service, and in the case of advance receipts are recognised as revenue when the entity has delivered as agreed in the statement of financial performance.

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Accounting Policies

1.12 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Medical benefits

The entity provides medical benefits for its employees through defined contribution plans. The entity has no further payment once contributions have been paid. The contributions are recognised as employee benefit expenses in profit or loss in the periods during which the services are rendered by the employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Bonus plans

The entity recognises a provision for performance bonuses where contractually obliged or where there is a past practice that has created a constructive obligation as a result of services received from the employee and the obligation can be measured reliably.

The entity also recognises a liability for bonus elected by employees who have structured their salaries as such.

Leave entitlement

Employee entitlements to annual leave are recognised as a provision due to uncertainties on the timing. A provision is raised for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. The related expense is recognised as employee benefit expenses in surplus or deficit.

Accounting Policies

1.12 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.13 Provisions and contingencies

Provisions are recognised when:
- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an from exchange transactions with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be incurred to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase isrecognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity.

Accounting Policies

1.13 Provisions and contingencies (continued)

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

1.14 Commitments

Commitments are legal obligations to undertake in a given way, at a given time in the future. Usually commitments refer to the requirement for parties to a futures contract to make or receive delivery of the underlying commodities on the expiration date of the contract or through a valid purchase order.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of tender documents

Revenue from the sale of tender documents is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

1.16 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Once the conditions are met, revenue is recognised and the corresponding liability is reduced.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

The transfer from City of Tshwane Metropolitan Municipality is recognised when it is probable that future economic benefits will flow to TEDA and when the amount can be measured reliably. A transfer is recognised as revenue as there is no further obligation arising from the receipt of transfer payment, however the recognised amount takes into account deferred revenue as a result of raised and approved commitments.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Taxes

The entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the entity controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts,sponsorships and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.17 Investment income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Statement of Financial Performance, using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Prior year comparatives.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP.

The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is, an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

1.21 Unauthorised, irregular, fruitless and wasteful expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:
- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

Accounting Policies

1.21 Unauthorised, irregular, fruitless and wasteful expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including the Municipal Finance Management Act, the State Tender Board Act, or any regulations made in terms of this act, or any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the statement of financial performance after approval per the departmental delegations.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from the responsible official (a debtor account should be raised), or the vote if the responsible official cannot be determined. It is treated as current assets in the statement of financial position until such expenditure is recovered from the responsible official or funded from future revenue.

1.22 Budget information

TEDA is typically subject to budgetary limits in the form of transfers from the City of Tshwane, which is given effect through authorising legislation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget, where management considers a material variance 10% which warrants explanation refer to note 30.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The unaudited annual financial statements are on accrual basis and the budget is on accrual basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the unaudited annual financial statements. Refer to note 30 & 31.

Comparative information is not required.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Accounting Policies

1.23 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its unaudited annual financial statements.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Prior year adjustments

Prior year adjustments are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from failure to use or the misuse of reliable information that was available when the financial statements for that period were issued, and could have been reasonably expected to be taken into account in those financial statements.

All prior year adjustments are corrected retrospectively to the earliest period practicable. Comparative amounts for prior years in which the error occurred are restated.

1.26 Accummulated surplus

Retained earnings or accummulated surplus (deficit) are the cumulative effect of differences between revenue and expenditure as per statement of financial performance.

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the is 01 April 2019 (GG 2017 of 2018).

The entity will adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is not material.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the is 01 April 2019.

The entity has early adopted the interpretation for the first time when the Minister sets the effective date for the interpretation.

The impact of the interpretation is not material.

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2019 or later periods or not relevant:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The entity is unable to reliably estimate the impact of the standard on the unaudited annual financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:
- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's unaudited annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's unaudited annual financial statements.

GRAP 37: Joint Arrangements

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government's housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No. 107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are undertaken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: Background to arrangements undertaken in terms of the national housing programme, Transactions that affect the accounting of housing arrangements, Consider whether the municipality undertakes transactions with third parties on behalf of another party, Accounting by municipalities appointed as project manager, Disclosure requirements, Accounting by municipalities appointed as project developer, Accounting for the accreditation fee, commission, administration or transaction fee received, Land and infrastructure, Conclusion and Application of this Guideline to existing arrangements.

The effective date of the guideline is not yet set by the Minister of Finance.

The entity expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

It is unlikely that the guideline will have a material impact on the entity's unaudited annual financial statements.

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:
- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's unaudited annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's unaudited annual financial statements.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2019.

The entity expects to adopt the standard for the first time in the 2019 unaudited annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's unaudited annual financial statements.

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

Notes to the Unaudited Annual Financial Statements

2. **New standards and interpretations (continued)**

- IASB amendments: To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The entity expects to adopt the amendment for the first time in the 2019 unaudited annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's unaudited annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2019.

The entity expects to adopt the standard for the first time in the 2019 unaudited annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's unaudited annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the is 01 April 2019.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

IGRAP 11: Consolidation – Special purpose entities

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The entity expects to adopt the interpretation for the first time in the 2019 unaudited annual financial statements.

It is unlikely that the interpretation will have a material impact on the entity's unaudited annual financial statements.

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:
- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The entity expects to adopt the interpretation for the first time in the 2019 unaudited annual financial statements.

It is unlikely that the interpretation will have a material impact on the entity's unaudited annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The entity expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the entity's unaudited annual financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The entity expects to adopt the interpretation for the first time in the 2020 unaudited annual financial statements.

It is unlikely that the interpretation will have a material impact on the entity's unaudited annual financial statements.

3. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: credit risk and liquidity risk.

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements.The Board of Directors has overall responsibility for the establishment and oversight of the entity's risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The quantitative disclosure is provided in this note.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

3. New standards and interpretations (continued)

Credit risk

Credit risk is the risk of financial loss to TEDA if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily receivables from exchange transactions.Credit risk is controlled through the application of a credit control measures and monitoring procedures.

TEDA limits its treasury counter-party exposure arising from money market by only dealing with well established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. TEDA only deals with financial institutions with a short term credit rating of A+ and long-term credit rating of AA- and higher at an International accredited creditrating agency.The entity's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions.

Potential concentrations of credit risk consist mainly of cash and cash equivalents.

Exposure to credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables from exchange transactions. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses,represents the entity's maximum exposure to credit risk.

Financial assets exposed to credit risk at year ended were as follows:

Financial instrument	2019	2018
Trade and other receivables	67,088	27,003
Cash and cash equivalents	13,420,842	17,907,119
	13,487,930	**17,934,122**

At 30 June 2019, there is no significant concentration of credit risk that had not been adequately provided for.

No security is held against Cash and Cash Equivalents.

Notes to the Unaudited Annual Financial Statements

3. New standards and interpretations (continued)

Liquidity risk

Liquidity risk is the risk that TEDA will not be able to meet its financial obligations as they fall due.

The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses,the entity maintains flexibility in funding by maintaining availability under committed credit lines.

The entity receives government grants every year based on budget requirements and additional revenue from other undertakings.

Cash flow forecasts are prepared and adequately monitored.

The table below analyses the entity's non-derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	1,678,452	-	-	-

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	1,228,969	-	-	-

No financial guarantee contracts were issued by the entity and non-derivative financial liabilities as at the reporting date refer to note 13.

Market risk

Interest rate risk

TEDA has ensured that the entity's income and operating cash flows are substantially independent of changes in market interest rates, due to the underlying nature of the business. TEDA has no interest bearing assets or liabilities. Accordingly the entity's income and expenses are substantially independent of changes in markets rates of interest. As a result, changes in the market rate of interest have a negligible impact on the financial performance of the entity.

The entity's interest rate risk arises from short-term investments. Investments are made at a quoted variable rate and the capital invested is secured/guarenteed which limits the entity's exposure to cash flow interest rate risk. Changes in the interest rate do not have significant effect on surplus and deficit.

Capital risk management

TEDA has developed systems and internal controls that are sufficient and effective in maintaining efficient levels of both components of working capital, current assets and current liabilities. The working capital management ensures that TEDA has sufficient cash flow in order to meet its short-term debt obligations and operating expenses.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

4. Receivables from exchange transactions

Board members and employees*	-	18,104
Trade and other receivables	14,659	203,386
Interest income accrued	52,429	23,617
Provision for impairment	-	(218,104)
	67,088	**27,003**

No trade and other receivables has been pledged as security by TEDA nor have they been ceded to a third party.

*Receivables from board members refers to PAYE collected by SARS during the EMP501 reconciliation of 2015 tax year on behalf of some board members who had underpaid.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates. The entity does not have direct customers other than ad hoc customers who are not subjected to stringent credit quality controls.

Trade and other receivables impaired

An amount of R0 (2018: R218,104) was provided for as at 30 June 2019.

The ageing of this amount is as follows:

Current to 3 months	67,088	23,696
Over 6 months	-	3,307

Reconciliation of provision for impairment of trade and other receivables

Opening balance	218,104	18,104
Provision for impairment	-	200,000
Amounts written off as uncollectible	(18,104)	-
Unused amounts reversed	(200,000)	-
	-	**218,104**

The creation and release of the provision for impaired receivables has been included in operating expenses in (note 22). Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

5. Consumer debtors disclosure

Gross balances		
Consumer debtors - Trade and other receivables	14,659	203,386
Less: Allowance for impairment		
Consumer debtors - Trade and other receivables	-	200,000
Net balance		
Consumer debtors - Trade and other receivables	14,659	3,386

6. VAT receivable

Gross balances		
VAT	2,636,295	2,380,694

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

6. VAT receivable (continued)

Included in above is receivables from non-exchange transactions (taxes and transfers)		
VAT	2,636,295	2,380,694
Net balance	**2,636,295**	**2,380,694**

VAT		
Current (0 -30 days)	526,513	65,879
31 - 90 days	621	-
121 - 365 days	59,854	181,403
> 365 days	2,049,307	2,133,412
	2,636,295	**2,380,694**

VAT receivable is calculated at the standard rate of 15% on all qualifying goods and services delivered to/by TEDA.

VAT is calculated on all qualifying goods and services delivered to/by TEDA on an accrual basis monthly.

7. Prepayments

Prepayments	1,432,961	19,167

Prepaid expenses relate to expenses paid in advance (2019: R1,432,961) (2018: R19,167) for various expenses such as office space rental (R421,026) and investment summit (R1,011,934).

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash on hand	3,971	441
Bank balances*	5,650,191	17,454,517
Short-term deposits^	7,766,680	452,161
	13,420,842	**17,907,119**

TEDA is a municipal entity controlled by the City of Tshwane Metropolitan Municipality which monitors and control the use of available funds and the operational grant limited to the approved business plan.

*The entity has a primary bank account with Absa bank which is used to meet the entity's obligations.

^The entity has a short-term deposit account with Investec Bank.

The total amount of undrawn facilities available for future operating activities and commitments	13,420,842	17,907,119

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets where changes in interest rate do not affect the financial position of the entity.

8. Cash and cash equivalents (continued)

Cash and cash equivalents pledged as collateral

No cash and cash equivalents has been pledged as security as at 30 June 2019.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Absa Bank - Account Type - Primary Account - 4093241083	5,650,191	17,454,517	-	5,650,191	17,454,517	-
Standard Bank - Cheque Account - Primary Account - 410791830*	-	-	6,973,374	-	-	6,973,374
Standard Bank - Cheque Account - Salaries Account - 011057491*	-	-	5,307	-	-	5,307
Investec Bank- Investment Account-1100521102530	7,766,680	452,161	428,041	7,766,680	452,161	428,041
Total	**13,416,871**	**17,906,678**	**7,406,722**	**13,416,871**	**17,906,678**	**7,406,722**

*The standard bank accounts were closed on the 28 June 2018.

9. Taxation movement

	2019	2018
Balance at beginning of the period	3,042,792	(859,028)
Current tax for the period recognised in surplus or deficit	-	2,994,342
Provisional tax paid	(932,383)	(523,690)
Normal income tax paid topup for prior year	(2,864,042)	(266,284)
Normal income tax refund from SARS	26,549	1,697,452
Balance at end of the period	**(727,084)**	**3,042,792**

10. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1,668,988	(868,430)	800,558	1,674,174	(703,784)	970,390
Motor vehicles	1,067,708	(997,987)	69,721	1,067,708	(928,287)	139,421
Office equipment	2,283,649	(1,608,645)	675,004	2,197,686	(1,408,576)	789,110
IT equipment	697,645	(200,256)	497,389	525,038	(122,912)	402,126
Leasehold improvements	1,899,344	(1,646,586)	252,758	1,899,344	(979,622)	919,722
Minor Assets below R2000	15,541	(15,541)	-	1,687	(1,687)	-
Library material	11,488	(9,681)	1,807	11,488	(7,384)	4,104
Total	**7,644,363**	**(5,347,126)**	**2,297,237**	**7,377,125**	**(4,152,252)**	**3,224,873**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	970,390	-	(2,418)	(167,414)	800,558
Motor vehicles	139,421	-	-	(69,700)	69,721
Office equipment	789,110	97,064	(3,003)	(208,167)	675,004
Computer equipment	402,126	208,624	(23)	(113,338)	497,389
Leasehold improvements	919,722	-	-	(666,964)	252,758
Minor Assets below R2000	-	15,541	-	(15,541)	-
Library material	4,104	-	-	(2,297)	1,807
	3,224,873	**321,229**	**(5,444)**	**(1,243,421)**	**2,297,237**

Reconciliation of property, plant and equipment - June 2018

	Opening balance	Additions	Disposals/Written off	Other changes, movements	Depreciation	Total
Furniture and fixtures	1,137,807	-	-	-	(167,417)	970,390
Motor vehicles	209,121	-	-	-	(69,700)	139,421
Office equipment	723,577	94,040	(3,140)	167,791	(193,158)	789,110
Computer equipment	493,022	250,296	(71,592)	(167,791)	(101,809)	402,126
Leasehold improvements	1,525,551	35,879	-	-	(641,708)	919,722
Minor Assets below R2000	-	1,687	-	-	(1,687)	-
Library material	6,402	-	-	-	(2,298)	4,104
	4,095,480	**381,902**	**(74,732)**	**-**	**(1,177,777)**	**3,224,873**

Pledged as security

No carrying value of assets has been pledged as security as at the reporting date.

Change in accounting estimates

The review of the useful lives of assets is based on the indicator-approach performed at the end of the financial year. In assessing whether there is any indication that the expected useful life of an asset has changed, the entity considers the following indications:

(a) The use of the asset has changed, because of the following:

i) The entity has changed the manner in which the asset is used.

ii) The entity has changed the utilisation rate of the asset.

iii) The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.

iv) Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.

v) Legal or similar limits placed on the use of the asset have changed.

vi) The asset was idle or retired from use during the reporting period.

10. Property, plant and equipment (continued)

The asset is approaching the end of its previously expected useful life.

Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2019	2018
Motor vehicle repairs	-	4,548

A register containing the information required by section 96 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Impairment test

Impairment test is performed by management annually on the 1st of June, on all fixed assets including intangible assets using the following impairment indicators;

- Inspection of any physical damage,
- Disposal plans,
- Performance of the assets and
- Changes in technological environment

11. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	159,264	(135,830)	23,434	159,264	(111,834)	47,430

Reconciliation of intangible assets - June 2019

	Opening balance	Amortisation	Total
Computer software	47,430	(23,996)	23,434

Reconciliation of intangible assets - June 2018

	Opening balance	Disposals	Amortisation	Total
Computer software	140,166	(53,850)	(38,886)	47,430

Pledged as security

No intangible assets are pledged as security.

Change in accounting estimates

Computer softwares were reviewed, and the useful lives were not changed.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

11. Intangible assets (continued)

Impairment test

Impairment test is performed by management annually on the 1st of June, on all fixed assets including intangible assets using the following impairment indicators;
- Inspection of any physical damage,
- Disposal plans,
- Performance of the assets and
- Changes in technological environment

12. Deferred tax

Deferred tax liability

	2019	2018
Property, plant and equipment	(435,348)	(481,293)
Assessed loss for the period	463,110	-
Provision for doubtful debts	45,802	45,802
Provision for leave	466,096	437,048
Unspent grant	-	289,470
Section 24C allowance	-	(289,470)
Straight lining of operating lease	21,190	63,161
Prepayment	(401,229)	(5,367)
Total deferred tax (liability)/Asset	**159,621**	**59,351**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax liability

	2019	2018
At beginning of year	59,351	(14,924)
Increases (decrease) in tax loss available for set off against future taxable income	463,110	-
Movement on property,plant and equipment as well as intangible assets	45,946	(23,373)
Movement in provision for doubtful debts	-	42,000
Movement in provision for leave pay	29,049	36,735
Movement on unspent grant	-	(910,420)
Section 24C allowance	-	910,420
Operating lease straight lining	(41,972)	21,597
Prepayment	(395,863)	(2,684)
	159,621	**59,351**

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:
- the utilisation of the deferred tax asset is dependent on future taxable surpluses in excess of the surpluses arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a deficit in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

13. Payables from exchange transactions

	2019	2018
Trade creditors	547,822	903,482
Board of directors accrued expenses	9,084	67,518
Employees accrued expenses	1,121,546	257,969
	1,678,452	**1,228,969**

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

14. Provisions

Reconciliation of provisions - June 2019

	Opening Balance	Additions	Utilised during the year	Total
Employee benefit - Leave pay entitlement	1,560,884	2,733,238	(2,629,492)	1,664,630

Reconciliation of provisions - June 2018

	Opening Balance	Additions	Utilised during the year	Total
Employee benefit - Leave pay entitlement	1,429,688	2,643,094	(2,511,898)	1,560,884

Employee benefit - Leave pay entitlement

The provision is for leave entitlement not utilised by employees as at 30 June 2019 and it is only payable in cash upon resignation. Leave days should be utilised within six months after the end of the cycle to avoid forfeiture and due to operational demands employees are allowed to apply for an extension which creates uncertainties on the expected timing on leave balances.

15. Operating lease asset (accrual)

	2019	2018
Non-current liabilities	-	(75,677)
Current liabilities	(75,677)	(149,898)
	(75,677)	**(225,575)**

Operating lease liability is from the rental of offices used by TEDA situated at: 5th Floor; The Anker Building; 1279 Mike Crawford Road; Centurion for the period of three years starting from 1st of November 2016. It is caused by the escalation on rental payable at every anniversary date.

Refer to note 32 for detailed a disclosure on operating leases as per GRAP 13 paragraph 50.

16. Share capital / contributed capital

	2019	2018
Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Reconciliation of number of shares issued:		
Reported as at 01 July 2018 and 2017	1,000	1,000
Issued		
Ordinary	1,000	1,000

17. Revenue

	2019	2018
Recoveries	200,000	-
Sale of tender documents	69,826	29,987
Other income	149,391	8,893
Interest income earned - bank accounts	907,187	683,547
Grant revenue recognised	54,150,000	58,435,319
	55,476,404	**59,157,746**

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

17. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Recoveries	200,000	-
Sale of tender documents	69,826	29,987
Other income	149,391	8,893
Interest earned- bank current account	907,187	683,547
	1,326,404	**722,427**

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Grant revenue recognised	54,150,000	58,435,319

Recoveries

Refers to recovered bad debts previously provided

18. Employee related costs

Basic	30,028,096	26,210,667
Medical aid - company contributions	1,235,759	932,051
Leave pay charge movement	103,745	131,196
Defined contribution plans	1,325,633	1,181,933
Other payments*	43,441	72,081
	32,736,674	**28,527,928**

*Other payments refer to subscription to lifestyle schemes by employees.

Detailed information on the remuneration of key personnel refer to Note 19.

Notes to the Unaudited Annual Financial Statements

Figures in Rand

19. Remuneration of Executive Managers and Board of Directors

Executive Managers

June 2019

	Basic salary	Other	Cellphone allowance	Car allowance	Medical aid	Defined contributions	Total
Chief Executive Officer (Mr S Mogaladi)	2,306,109	-	36,000	-	96,144	-	2,438,253
Chief Financial Officer (Mr T Mkhwanazi)*	422,611	127,405	6,000	-	-	-	556,016
Company Secretary (Mr S Makgatho) Apointed 1 December 2018	671,038	-	14,000	-	-	19,162	704,200
Company Secretary (Ms L Mahaye)	112,827	94,469	2,000	-	5,856	-	215,152
Executive Manager Projects Portfolio Management (Mr M Leshilo)	1,472,169	-	24,000	108,000	27,648	107,884	1,739,701
Acting Company Secretary (Ms J Molefe)	-	51,260	-	-	-	-	51,260
Executive Manager Investment Promotion and Funding (Ms K Liebenberg)	1,359,882	-	24,000	120,000	15,744	16,825	1,536,451
Acting Executive Manager Corporate Services (Ms N Kgatla)^	827,971	223,182	9,000	-	14,823	-	1,074,976
Acting Chief Financial Officer (Mr O Mokoena)*	873,518	89,436	9,600	-	-	35,244	1,007,798
	8,046,125	**585,752**	**124,600**	**228,000**	**160,215**	**179,115**	**9,323,807**

^Executive Manager Corporate Services resigned on the 09 March 2018 and Manager Corporate Services (Ms N Kgatla) has been appointed in an acting capacity from the 09 March 2018 to March 2019.

*The Chief Financial Officer resigned on the 30 September 2018 and Senior Manager Financial Management (Mr O Mokoena) has been appointed in an acting capacity from the 01 October 2018.The entity has appointed a Chief Financial Officer anticipated to start on 05 August 2019.

^Compay Secretary (Ms L Mahaye) resigned on the 31 July 2018.

^Acting Company Secretary (Ms J Molefe) was seconded from the City of Tshwane and started 01 August 2018 to 30 November 2018.

*Company Secretary (Mr S Makgatho) was appointed 01 December 2018.

Figures in Rand

19. Remuneration of Executive Managers and Board of Directors (continued)

June 2018

	Basic salary	Other	Cellphone allowance	Car allowance	Medical aid	Defined contributions	Total
Chief Executive Officer (Mr S Mogaladi)	1,958,641	-	36,000	-	92,220	-	2,086,861
Chief Financial Officer (Mr T Mkhwanazi)	1,671,703	6,755	24,000	-	-	-	1,702,458
Executive Manager Corporate Services (Ms B Seopela)	1,129,525	-	16,646	-	-	55,733	1,201,904
Executive Manager Marketing & Communications (Ms K Mahlare)	167,305	-	2,000	20,000	10,798	2,248	202,351
Executive Manager Strategy and Performance Monitoring (Mr S Sefuthi)	555,697	-	10,000	-	22,530	33,848	622,075
Executive Manager Projects Portfolio Management (Mr M Leshilo)	1,134,596	56,324	24,000	108,000	25,368	98,526	1,446,814
Company Secretary (Ms L Mahaye)	1,341,444	519	24,000	-	67,560	-	1,433,523
Executive Manager Investment Promotion and Funding (Ms K Liebenberg)	979,714	65,390	24,000	120,000	60,714	65,000	1,314,818
Acting Executive Manager Corporate Services- (Ms N Kgatla)	277,484	56,764	3,600	-	6,588	-	344,436
	9,216,109	**185,752**	**164,246**	**248,000**	**285,778**	**255,355**	**10,355,240**

-Executive Manager Corporate Services resigned on the 09 March 2018 and Ms N Kgatla is appointed in an acting capacity from the 09 March 2018.

*Executive Manager Marketing & Communications resigned on the 31 July 2017.

^Executive Manager: Strategy and Performance Monitoring resigned on the 30 November 2017.

Board of Directors

June 2019

Notes to the Unaudited Annual Financial Statements

Figures in Rand

19. Remuneration of Executive Managers and Board of Directors (continued)

	Directors' fees	Committees fees	Other fees (AGM,Induction and Retainer)	Audit and performance committee fees	Total
Mr N Flaatten (Chairperson)	87,414	-	87,960	-	175,374
Mr F Docrat	56,562	89,128	77,423	-	223,113
Ms T Matlala-Mojapelo	37,708	25,710	17,140	-	80,558
Ms N Singh	66,846	90,842	82,565	20,568	260,821
Mr A Nkome	59,990	92,556	87,708	-	240,254
Ms M Sedibe	63,418	95,984	67,139	-	226,541
Mr S Shange	63,418	94,270	70,567	-	228,255
	435,356	**488,490**	**490,502**	**20,568**	**1,434,916**

June 2018

	Directors' fees	Committees fees	Other fees (AGM,Inductic n and Retainer)	Audit and performance committee fees	Total
Prof LD Mosoma (Chairperson, retired 31 Jan 2018)	66,846	5,142	-	-	71,988
Mr N Flaatten (Chairperson)	17,140	-	22,282	-	39,422
Mr H Gouvelis (retired 31 Jan 2018)	41,136	23,996	-	-	65,132
Mr F Docrat	11,998	-	20,568	-	32,566
Ms ZG Mpungose (retired 31 Jan 2018)	23,996	37,708	-	-	61,704
Ms SP Mzizi (retired 31 Jan 2018)	32,566	35,994	-	-	68,560
Ms T Matlala-Mojapelo	8,570	-	17,140	-	25,710
Mr FK Sibanda (retired 31 Jan 2018)	41,136	32,566	-	-	73,702
Ms N Singh	44,564	39,422	38,891	3,428	126,305
Adv JL Thubakgale (retired 31 Jan 2018)	41,136	51,420	-	-	92,556
Mr MW Yates (retired 31 Jan 2018)	41,136	29,138	-	-	70,274
Mr A Nkome	11,998	-	13,712	-	25,710
Ms M Sedibe	11,998	-	20,568	-	32,566
Mr S Shange	11,998	-	20,568	-	32,566
	406,218	**255,386**	**153,729**	**3,428**	**818,761**

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

20. Depreciation and amortisation

Minor assets	15,541	1,687
IT equipment	113,338	101,809
Furniture and fixtures	167,414	167,417
Office equipment	208,167	193,158
Leasehold improvements	666,964	641,708
Library material	2,297	2,298
Motor vehicles	69,700	69,700
Intangible assets	23,996	38,886
	1,267,417	**1,216,663**

21. Interest and penalties charged

Interest and penalties charged by SARS	3,776	67,518

22. Debt impairment

Debt impairment	-	200,000

23. Project management

Agro processing-hub project	586,563	-
Area based development	3,712,145	873,180
Tshwane vertical farming facility project	-	1,034,444
Revatilisation of inner city and design	-	17,000
Bioenergy facility	-	534,315
Clothing and textile hub	812,000	703,556
	5,110,708	**3,162,495**

24. Investment promotion and funding

Marketing productions	380,000	-
Trade conferences and missions	1,064,738	2,035,813
Public relations	241,668	575,204
Trade and investment intelligence	785,028	539,807
Investment attraction	1,859,128	608,073
Export development and promotion	504,060	764,784
Branding	712,344	684,397
	5,546,966	**5,208,078**

25. Loss on assets written off

Carrying amounts of assets written off	1,096	128,583

The assets written off is due to losses that were reported and have been approved by the Board of Directors.

Figures in Rand	2019	2018

26. General expenses

Admin fees (pension and group risk)	182,416	160,398
Advertising	591,871	299,154
Auditors fees	561,833	510,402
Bank charges	19,382	50,082
Consulting and professional fees	938,405	565,378
Catering and office refreshments	341,587	175,398
Office space rental	3,860,977	3,860,973
Insurance	33,116	153,986
IT expenses	465,731	207,337
Staff recruitment	36,090	35,681
Printing and stationery	294,520	492,603
Staff welfare	144,310	573,834
Subscriptions and membership fees	23,057	45,340
Communication expense	-	11,037
Training and development	424,894	460,786
Travel and subsistence	824,532	696,832
Assets expensed less than R2000	11,634	16,156
Municipal services	527,063	448,278
Uniforms	19,242	36,240
Conferences and delegation	28,555	119,249
Repairs and maintenance	-	4,548
Compensation for Occupational Injuries and Diseases	97,115	82,346
Occupational Health and Safety	-	5,600
Publications and periodicals	237,828	397,303
Venue expenses	53,960	-
Other expenses	18,617	57,485
	9,736,735	**9,466,426**

27. Taxation

Major components of the tax (income) expense

Current		
Current year	(463,111)	2,994,342
Deferred		
Current year	362,841	(74,275)
	(100,270)	**2,920,067**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	28.00 %
Total non-temporary differences	(0.29)%	0.18 %
	27.71 %	**28.18 %**

A provisional tax payment of R932,383 (2018: R523,690) has been made as at 30 June 2019.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

28. Cash (used in) generated from operations

	2019	2018
(Deficit) surplus	(261,614)	7,441,227
Adjustments for:		
Depreciation and amortisation	1,267,418	1,216,663
Loss on sale of assets and liabilities	1,096	128,583
Debt impairment	-	200,000
Movements in operating lease assets and accruals	(149,898)	77,132
Movements in provisions	103,746	131,196
Changes in working capital:		
Receivables from exchange transactions	(40,085)	214,406
Consumer debtors	-	(200,000)
Prepayments	(1,413,794)	(9,587)
Payables from exchange transactions	449,482	156,118
VAT	(255,601)	1,983,244
Taxes	(3,870,146)	3,827,546
Unspent conditional grants and receipts	-	(4,285,319)
	(4,169,396)	**10,881,209**

29. Financial instruments disclosure

Categories of financial instruments

June 2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	67,088	67,088
Cash and cash equivalents	13,420,842	13,420,842
	13,487,930	**13,487,930**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1,678,452	1,678,452

June 2018

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	27,003	27,003
Cash and cash equivalents	17,907,119	17,907,119
	17,934,122	**17,934,122**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1,228,969	1,228,969

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

30. Budget differences

Material differences between budget and actual amounts

The entity's approved adjusted budget is R69,872,266 after taking into account previously not appropriated revenue/funds and the unspent grant from 2017/18 excluding taxation and operational capital expenditure. The approved adjusted budget covers the period from 01 July 2018 to 30 June 2019. The budget and accounting bases are the same. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance.

A reconciliation between the actual amounts on the comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 30 June 2019 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference between the budget and the cash flow statement presented by the reconciliation statement below which is attributed to the purchase of property, plant and equipment and taxation.

TEDA considers 10% a material variance in monitoring spending trends. A detail explanation of the variance is important in order to aid planning and decision making. The budget is as per the economic classification and explanation on revenue collection and spending is as follows;

Revenue Analysis

Revenue for the entity constitute of the grant received from CoT, other income, interest income from a favourable bank balances and short term investments as well as sale of tender documents.

- Grant revenue from CoT is transferred to TEDA every quarter in four equal installments. As at the reporting date 100% of the budgeted revenue has been received and the unspent grant from 2017/18 has be appropriated during the budget adjustment process into expenditure items as it was reported as revenue in the prior year. Realised revenue from the grant as at the reporting date is at 100%. The operational grant is not conditional the unspent portion of the grant is regarded as a saving moreso when all predetermined objectives have been meet.
- Recoveries refers to sponsorship funds previously impaired which have been received as at the reporting date, the item was not budgeted for.
- Other income anticipated from VAT refunds and as at the reporting date 5% has been received, engagement with SARS is underway with the bulk of the refunds expected after this financial year.
- Interest income earned for the period is above expectation, attributed to the savings in expenditure during the year.
- Revenue from the sale of tender documents is adhoc and the receipt is above expectation as at the reporting date.

Expenditure Analysis

Total expenditure for the period is at 84% of the total budget excluding taxation and capital expenditure, below is the detailed expenditure analysis per type:

- Remuneration of employees is at 99%, attributed by revised budget allocation during the budget adjustment process where vacant posts were expected to be filled in the 2019/20 financial year. Financial resources were prioritised to core activities.
- Remuneration of board of directors is at 85% attributed to the implementation of the board annual work plan.
- Depreciation and amortisation are non-cash items and the expense is at 80% and is as planned.

- Investment promotion and funding spending is at 70%, the spending is as planned with activities as per the business plan achieved as at the reporting date.
- Projects spending is at 61% and the implementation of planned actitivies is well underway and the spending pattern will increase in the last quarter of the financial year.
- General expenses spending is at 69% the spending is below expectations attributed to cost containment measures employed during the financial year and the curtailment of other activities.
- Taxation expense indicates an assessed loss as at the reporting, however the provisional tax payment of R932,383 has been paid and R2,396,377 paid towards 2017/18 financial year taxation expense.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

31. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/(deficit) with the net cash generated from operating, investing and financing activities:

	2019	2018
Operating activities		
Actual amount as presented in the budget statement	(270,792)	7,479,585
Basis differences	(3,898,604)	3,401,624
Net cash flows from operating activities	**(4,169,396)**	**10,881,209**
Investing activities		
Basis differences	(316,881)	(381,902)
Net cash flows from investing activities	**(316,881)**	**(381,902)**
Net cash generated from operating, investing and financing activities	**(4,486,277)**	**10,499,307**

32. Commitments

Authorised operational expenditure

	2019	2018
Already contracted for but not provided for		
• Commitments less than one year	5,723,054	1,137,410
• Commitments more than one year	1,582,975	-
	7,306,029	**1,137,410**

	2019	2018
Total operational commitments		
Already contracted for and authorised	7,306,029	1,137,410

Operating leases commitments - as lessee (expense)

	2019	2018
Minimum lease payments due		
- within one year	1,362,668	4,010,871
- in second to fifth year inclusive	-	1,362,668
	1,362,668	**5,373,539**

Operating lease commitment is the rental of offices used by TEDA situated at: 5th Floor; The Anker Building; 1279 Mike Crawford Road; Centurion for the period of three years starting from 1st of November 2016. No contingent rent is payable.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

33. Related parties

Relationships

Board of directors and executive management	Refer to directors' report and note 19
Controlling entity	City of Tshwane Metropolitan Municipality
Municipal entity under the same control	Housing Company Tshwane
Municipal entity under the same control	Sandspruit Water Works Association

Related party balances

	2019	2018
Amounts included in Trade receivable (Trade Payable) regarding related parties		
City of Tshwane Metropolitan Municipality	-	2,900
City of Tshwane Metropolitan Municipality	-	(4,200)

Related party transactions

	2019	2018
Transfers received from related party		
City of Tshwane Metropolitan Municipality	54,150,000	54,150,000
Expenses incurred and paid to the related party by TEDA		
City of Tshwane Metropolitan Municipality	(18,682)	(1,400)
Administration fees paid to (received from) related parties		
City of Tshwane Metropolitan Municipality	151,820	-

TEDA benefited from the use of the following services provided by the related party at no cost to TEDA:

- Risk management and internal audit resources from CoT,
- Audit and Performance Committee from CoT,
- Use of network, telecommunication, desktop and server support provided by CoT,
- SAP migration implementation by CoT,
- OHS services and Records management from CoT,
- Insurance management by CoT and JOC Services from CoT, and
- Secondment of the Company Secretary from September 2018 to November 2018 costing the City of Tshwane R196,605.

Remuneration of management

Executive management and board members

Refer to note "Remuneration of Executive Managers and Board of Directors" Note 19

Management is not aware of any key management who has or had significant influence in any entity with whom TEDA had transac

34. Fruitless and wasteful expenditure

	2019	2018
Fruitless and wasteful expenditure - current year	3,775	67,518
Written off	-	(67,518)
	3,775	-

Fruitless and wasteful expenditure incurred and discovered as at 30 June 2019 amounts to R3,775, charged by SARS for the under payment of provisional tax of the 2017/18 tax year attributed by the change in the grant treatment.

The following fruitless and wasteful expenditure were reported in the year ended 30 June 2018 and were subsequently written off.

Figures in Rand	2019	2018

34. Fruitless and wasteful expenditure (continued)

- Interest and penalties of R67,518 from SARS on the May 2018 PAYE for late payment. A notice of objection was submitted and rejected by SARS consequently the interest and penalties were not waivered, where the full amount was deducted from the VAT refunds due to TEDA.

35. Irregular expenditure

- TEDA did not incur irregular expenditure for the period ended 30 June 2019 and 30 June 2018.

36. Regulation 45

The financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state or has been in the service of the state in the previous 6 months indicating:

- The name of that person,
- The capacity in which that person is in the service of the state/municipality; and
- The amount of the award

No Awards were made in terms of regulation 45.

37. Additional disclosure in terms of Municipal Finance Management Act

Consultants/Professional Services

	2019	2018
Opening balance	51,591	12,412
Current year fees	938,405	565,378
Amount paid - current year	(938,405)	(513,787)
Amount paid - previous years	(51,591)	(12,412)
Accrual	-	**51,591**

Audit fees

	2019	2018
Current year subscription / fee	561,833	510,402
Amount paid - current year	(561,833)	(510,402)
	-	-

PAYE and UIF

	2019	2018
Opening balance	(7,692)	-
Current year subscription / fee	9,509,358	8,340,392
Amount paid - current year	(9,509,358)	(8,348,084)
Amount paid - previous years	7,692	-
Accrual/(Prepayment)	-	**(7,692)**

Pension and Medical Aid Deductions

	2019	2018
Current year subscription / fee	2,561,392	2,142,519
Amount paid - current year	(2,561,392)	(2,142,519)
	-	-

The entity has a defined contribution plan for pension fund with Momentum where employees pay a fixed amount and the employer pays for the administration fees.

The entity has a group risk plan with Discovery Life where employees pay a fixed amount and the employer pays for the administration fees.

Medical Aid contributions are with Discovery Medical Aid Scheme and Bonitas Medical Aid Scheme.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

37. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

	2019	2018
VAT receivable	2,636,295	2,380,694

VAT is calculated on all qualifying goods and services delivered to/by TEDA on an invoice basis. All VAT returns have been submitted by the due date throughout the period.

Supply chain management regulations

Paragraph 12(1)(a)-(d)of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a:
- Written or verbal quotation for values up to R2,000 up to R10,000 (VAT included),
- Formal written quotations for values over R10,000 up to R200,000 (VAT included), and
- Competitive bidding process for values above R200,000 (VAT Included).

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:
- in an emergency.
- if such goods or services are produced or available from a single provider only.
- for the acquisition of special works of art or historical objects where specifications are difficult to complete.
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

TEDA deviated from the official procurement processes during the financial year due to the entity being under review, where expired contracts could not be re-advertised until the review was completed. TEDA had to extend the expired contracts on a month to month basis until the review was completed, as a result the following was incurred:

Incident	2019	2018
Contracts extended on a month to month basis with service providers	8,203	814,980
Legal services extended as the matter will be presented at Labour Court in September 2019	36,169	-
	44,372	**814,980**

38. Going concern

The unaudited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 30 June 2019, the entity had an accumulated surplus/(deficit) of R 17,344,803 and that the entity's total assets exceed its liabilities by R 17,345,803.

The entity's adjusted business plan and budget for 2019/20 was approved by the shareholder which guarantees TEDA's existence in the foreseeable future. TEDA is wholly dependent on the funds allocation from the City during the year under review. The operational grant received from the City of Tshwane is unconditional.

39. Contingencies

The entity is not aware of any contingent liabilities as at 30 June 2019.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2019	2018

40. Events after the reporting date

The directors are not aware of any matter or circumstance arising since the end of the period that requires disclosure in the financial statements.

•Non-Adjusting Events

The Chief Financial Officer was appointed on the 5 August 2019.